

**STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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AGENCY OFFICIALS

LEGISLATIVE AUDIT COMMISSION

Director

Ms. E. Jane Stricklin

Fiscal Officer

Ms. Mary Dunne

Agency offices are located at:

622 Stratton Building
Springfield, IL 62706

Legislative Audit Commission



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November 27, 2007

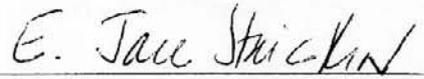
Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Legislative Audit Commission (Agency). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2006, the Agency has materially complied with the assertions below.

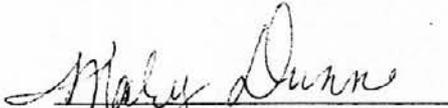
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

Yours very truly,

Legislative Audit Commission



E. Jane Stricklin, Executive Director


Mary Dunne, Fiscal Officer

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

SUMMARY OF FINDINGS

The Legislative Audit Commission did not have any current year or prior year findings.

EXIT CONFERENCE

The Legislative Audit Commission declined an exit conference.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Legislative Audit Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2007. The management of the Legislative Audit Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Legislative Audit Commission's compliance based on our examination.

- A. The Legislative Audit Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Legislative Audit Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Legislative Audit Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Legislative Audit Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Legislative Audit Commission's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered

necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Legislative Audit Commission's compliance with specified requirements.

In our opinion, the Legislative Audit Commission complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2007.

There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

Internal Control

The management of the Legislative Audit Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Legislative Audit Commission's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Legislative Audit Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Legislative Audit Commission's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

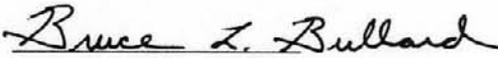
There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2007 and the 2006 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, and is not intended to be and should not be used by anyone other than these specified parties.


Bruce L. Bullard, CPA
Compliance Audit Director

November 27, 2007

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2007

P.A. 94-798 FISCAL YEAR 2007	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
General Revenue Fund -001					
Personal Services	\$ 181,000	\$ 180,564	\$ 0	\$ 180,564	\$ 436
Employee Retirement					
Contributions Paid by Employer	7,250	7,227	0	7,227	23
State Contribution to State					
Employees' Retirement System	20,900	20,823	0	20,823	77
State Contributions to Social Security	13,850	13,651	0	13,651	199
Contractual Services	20,300	6,815	197	7,012	13,288
Travel	6,000	4,113	335	4,448	1,552
Commodities	900	603	0	603	297
Printing	2,500	0	2,051	2,051	449
Equipment	1,000	0	175	175	825
Electronic Data Processing	2,500	1,436	0	1,436	1,064
Telecommunications	1,600	1,127	104	1,231	369
Total Fiscal Year 2007	\$ 257,800	\$ 236,359	\$ 2,862	\$ 239,221	\$ 18,579

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31		
General Revenue Fund -001						
Personal Services	\$ 172,607	\$ 172,606	\$ 0	\$ 172,606	\$ 1	
Employee Retirement Contributions Paid by Employer	6,912	6,909	0	6,909	3	
State Contribution to State Employees' Retirement System	36,600	13,459	0	13,459	23,141	
State Contributions to Social Security	12,992	12,991	0	12,991	1	
Contractual Services	13,578	13,054	229	13,283	295	
Travel	2,989	1,874	0	1,874	1,115	
Commodities	400	191	83	274	126	
Printing	1,500	0	0	0	1,500	
Equipment	100	0	0	0	100	
Electronic Data Processing	1,122	1,122	0	1,122	0	
Telecommunications	1,500	1,136	101	1,237	263	
Total Fiscal Year 2006	\$ 250,300	\$ 223,342	\$ 413	\$ 223,755	\$ 26,545	

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the
 State Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30,

	Fiscal Year		
	2007	2006	2005
General Revenue Fund -001	P.A. 94-798	P.A. 94-0015	P.A. 93-842
<hr/>			
Appropriations (Net of Transfers)	\$ 257,800	\$ 250,300	\$ 238,400
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 180,564	\$ 172,606	\$ 170,750
Employee Retirement			
Contributions Paid by Employer	7,227	6,909	6,835
State Contribution to State			
Employees' Retirement System	20,823	13,459	27,522
State Contributions to Social Security	13,651	12,991	12,864
Contractual Services	7,012	13,283	3,137
Travel	4,448	1,874	2,745
Commodities	603	274	337
Printing	2,051	0	409
Equipment	175	0	360
Electronic Data Processing	1,436	1,122	1,938
Telecommunications	1,231	1,237	1,311
Total Expenditures	<u>\$ 239,221</u>	<u>\$ 223,755</u>	<u>\$ 228,208</u>
Lapsed Balances	<u>\$ 18,579</u>	<u>\$ 26,545</u>	<u>\$ 10,192</u>

Note: There were no initiative payments made during the examination period.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2007

		Equipment
Balance at July 1, 2005	\$	44,806
Additions		175
Deletions		(9,170)
Net Transfers		0
Balance at June 30, 2006	\$	35,811
Balance at July 1, 2006	\$	35,811
Additions		0
Deletions		0
Net Transfers		0
Balance at June 30, 2007	\$	35,811

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
 RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For Fiscal Years Ended June 30,

General Revenue Fund - 001

	<u>2007</u>	<u>2006</u>	<u>2005</u>
PY Refund	\$ 44	\$ 0	\$ 0
Jury duty reimbursement and recoveries	<u>0</u>	<u>0</u>	<u>49</u>
Total Receipts	<u>\$ 44</u>	<u>\$ 0</u>	<u>\$ 49</u>
Deposits Ordered Into State Treasury (per State Comptroller)	<u>\$ 44</u>	<u>\$ 0</u>	<u>\$ 49</u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2006

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

The increase in State contribution to State Employees' Retirement System was due to the SERS employment contribution rate increasing from 7.792% in FY06 to 11.525% in FY07.

Contractual Services

The decrease in contractual services was due to the audit of the Office of the Auditor General not being performed in FY07. However, the Commission expended \$2,800 more for special services associated with a Mass Transit meeting held in Chicago.

Travel

The increase in travel expenditures was due to an increased number of overnight travel expenditures incurred by all employees for an audit meeting held in Chicago.

Commodities

The increase in commodities expenditures was due to replenishing all office supplies.

Printing

The increase in printing expenditures was due to the printing of two large projects.

Equipment

The increase in equipment expenditures was due to the purchase of the Illinois Statutes publication.

Electronic Data Processing

The increase in electronic data processing expenditures was due to higher maintenance costs on the two printers.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2006 AND 2005

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

The decrease in State contribution to State Employees' Retirement System was due to the SERS employment contribution rate decreasing from 16.107% in FY05 to 7.792% in FY06.

Contractual Services

The increase in contractual services expenditures was due to a large payment, totaling \$10,200, for the audit of the Office of the Auditor General. This audit is performed every two years.

Travel

The decrease in travel expenditures was due to two vacancies in the Commission membership.

Commodities

The decrease in commodities expenditures was due to reduced commodity expenditures due to budget constraints.

Printing

The decrease in printing expenditures was due to the 2005 Annual Report being printed using leftover stock paper by the Legislative Printing Unit.

Equipment

The decrease in equipment expenditures was due to the lack of need to purchase equipment.

Electronic Data Processing

The decrease in electronic data processing expenditures was due to a maintenance agreement covering only two printers. During fiscal year 2005, the agreement covered two printers and three personal computers.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2007

The Agency receives minimal receipts. During fiscal year 2007 the Agency received one refund for an overpayment. No receipts were received by the Agency in fiscal year 2006 and in fiscal year 2005 the Agency received monies for telephone reimbursement and jury duty.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2007

FISCAL YEAR 2007

General Revenue Fund (001)

Printing

Printing expenditures incurred prior to June 30, totaling \$2,051, were paid during the lapse period due to the Commission receiving an invoice late in the fiscal year for a supply of paper to complete three large printing projects.

Equipment

Equipment expenditures incurred prior to June 30, totaling \$175, were paid during the lapse period due to the Commission receiving an invoice for the 2006 Illinois Statutes late in the fiscal year.

FISCAL YEAR 2006

General Revenue Fund (001)

Commodities

Commodities expenditures incurred prior to June 30, totaling \$83, were paid during the lapse period due to the Commission receiving an invoice for office supplies late in the fiscal year.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2007

AGENCY FUNCTIONS

The Legislative Audit Commission was created as a legislative support services agency subject to the Legislative Commission Reorganization Act of 1984 (25 ILCS 150). The Commission's primary duty is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. The Commission is also to determine what remedial measures, if any, are needed and whether special studies and investigations are necessary and if deemed necessary direct the Auditor General to undertake such studies or investigations. The Commission is to report its activities to the General Assembly not less than annually and not later than March 1 each year.

The Commission is composed of 12 members and the membership is equally divided between the House of Representatives and the Senate and the two primary political parties. For all of FY06 and FY07, Representative Frank Mautino and Senator Chris Lauzen were Commission Co-chairs.

The Legislative Audit Commission is mandated to be governed by a bipartisan Board of twelve members of the General Assembly. The appointed Commission members as of June 30, 2007 were as follows:

SENATE MEMBERS

Deanna Demuzio
Chris Lauzen
Iris Martinez
Kwame Raoul
Dale Righter
Dale Risinger

HOUSE MEMBERS

Rich Brauer
Marlow Colvin
Julie Hamos
Sidney Mathias
Frank Mautino
Sandra Pihos

The Joint Committee on Legislative Support Services provides the foundation for the Commission's goals. The Commission supplements these goals by establishing policy and direction for the staff which are documented in the minutes of the Commission meetings.

During fiscal years 2006 and 2007, Commission planning emphasized the following:

- A. Timely review of audits and examinations.
- B. Preparation and enactment of a legislative program.
- C. Action to eliminate repetition of prior findings from audits of State agencies.
- D. Review of emergency purchases.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2007

AGENCY FUNCTIONS (continued)

- E. Resolutions requesting additional audits to be performed by the Office of the Auditor General.
- F. Maintenance of a web site that includes all Commission meeting information, reviews and forms.

E. Jane Stricklin, Executive Director, serves at the direction of the Legislative Audit Commission and operates the Agency with a staff of two, guided by the Operating Rules for Legislative Support Service Agencies.

The Commission's daily operations are funded from the General Revenue Fund.

PLANNING PROGRAM

The Commission's objectives are defined by statute and their main activity is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. Their statutory duties necessarily serve as the Commission's goals and are the framework of their planning function.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2007

The following table, prepared from Agency records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Administrative	<u>3</u>	<u>3</u>	<u>3</u>
Total average full-time employees	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>3</u></u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS (Not Examined)
For the Two Years Ended June 30, 2007

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01–0.06) to review all audits conducted by the State Auditor General. The primary responsibilities of the Commission are to:

- Conduct public hearings on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- Initiate and review management and program audits and investigations.
- Make recommendations to the General Assembly and agency management for corrective legislation and other measures to remedy weaknesses disclosed through audits or at Commission hearings.
- Monitor agency progress in implementing corrective action.

The Commission reviewed and took action on 204 financial and compliance audit reports and adopted 2 resolutions during fiscal year 2006. The Commission held 8 meetings during fiscal year 2006. The Commission reviewed and took action on 185 financial and compliance audit reports and 3 performance audit reports during fiscal year 2007. The Commission adopted two resolutions during fiscal year 2007. The Commission held 8 meetings during fiscal year 2007.